Government of Saskatchewan

Annual Report 1986-87

Saskatchewan Legislative Assembly Members Superannuation Fund

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His Honour F. W. Johnson
Lieutenant Governor
Province of Saskatchewan

Sir:

I have the honour to transmit herewith the Annual Report of the Members of the Legislative Assembly Superannuation Fund for the year ending March 31, 1987.

I have the honour to be, Sir

Your Obedient Servant

Eric Berntson
Minister in Charge

Background

The Members of the Legislative Assembly Superannuation Fund was created to provide a pension to individuals who are elected and provide service to the Province of Saskatchewan as Members of the Legislative Assembly.

The Fund is comprised of two pension plans: a unit benefit (formula) plan for members who were first elected prior to April 1, 1979, and a money purchase plan for those members first elected on or after April 1, 1979.

Members of the unit benefit plan may elect to transfer to the money purchase plan at any time prior to the expiration of the thirtieth day after the last return of the writ of election in the general election following the date on which they ceased to be members.

Operation of the Fund

The Fund is credited with contributions and interest paid by members and former members, interest earned and any other revenue accruing from the investment of monies in the fund and such amounts paid by the Minister of Finance as may be required to make it possible at all times to pay the allowances granted pursuant to The Members of the Legislative Assembly Superannuation Act. Payments are made out of the fund for pensions, annuities, supplementary allowances and refunds of contributions. As a matter of course, the acquisition and disposition of the various assets of the Fund results in the payment of monies out of and receipt of monies into the Fund.

Contributions

Members are required to contribute 9% of their indemnity, sessional and expense allowances to the Fund; as well, members with additional responsibilities contribute 9% of their additional allowance. The Minister of Finance matches the members' contributions and is required by the Act to make certain additional contributions to the Fund.

Contributions by members for the year ended March 31, 1987 totaled $260,509.

In 1986-87 17 members contributed to the unit benefit plan and 47 members contributed to the money purchase plan.

Pensions

The Fund paid pensions to 111 former members and spouses of former members throughout the year. Pensions to these individuals were based on a formula which included years of service and an average salary figure for some portion of that service. It may also have included a supplementary allowance paid in accordance wih the Act. Pensions for the year totaled $1,326,516.

Investments

During the year, the Investment and Financial Services Division of Saskatchewan Finance invested the monies of the Fund at no cost to the Fund. Investment policy directs that the assets of the Fund shall be long-term, high-quality investments yielding the best possible return with minimum risk. The value of the investments (at cost) at March 31, 1987 was $3,367,119.

Administration

In accordance with subsection 3(6) of the Act, the necessary expenses of administering the Fund for 1986-87 were paid out of the Consolidated Fund.

Administration of the plans is presently assigned to the Public Employees Benefits Agency of the Department of Finance.

Members of the Legislative Assembly Superannuation Fund

Financial Statements

for the Year Ended March 31, 1987

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have examined the balance sheet of the Members of the Legislative Assembly Superannuation Fund as at March 31, 1987 and the statements of revenue, expenditure and fund equity and changes in cash resources for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan,
July 26, 1988

W.G. Lutz, F.C.A.,
Provincial Auditor

Members of the Legislative Assembly Superannuation Fund

Balance Sheet
as at March 31

Statement 1

	1987	1986
Assets		
Cash	**$ 9,984**	$ 14,285
Members' contributions receivable	**8,816**	61,230
Minister of Finance contributions receivable	**32,007**	160,638
Accounts receivable	**1,014**	—
Accrued interest receivable	**90,321**	85,128
Investments (Note 1) (Schedule 1) (Market value 1987 - $3,861,119; 1986- $3,168,200)	**3,367,119**	2,737,339
	$3,509,261	$3,058,620
Liabilities and Fund Equity		
Accounts payable	**$ —**	4,204
Fund equity, Unit Benefit Plan (Statement 2, Note 4)	**273,735**	561,941
Fund equity, Money Purchase Plan (Statement 2, Note 6)	**3,235,526**	2,492,475
	$3,509,261	$3,058,620

(See accompanying notes to the financial statements)

Members of the Legislative Assembly Superanuation Fund

Statement of Revenue, Expenditure and Fund Equity

Statement 2

Year Ended March 31

	1987			1986
	Unit Benefit Plan	Money Purchase Plan	Total	Total
Revenue:				
Contributions by Members of the Legislative Assembly	$ 81,468	$ 179,041	$ 260,509	$ 270,643
Contributions by the Minister of Finance	881,468	195,368	1,076,836	790,674
Investment income	61,746	275,332	337,078	311,107
Gain on investment disposals	6,450	100,488	106,938	118,328
	1,031,132	750,229	1,781,361	1,490,752
Expenditure:				
Annual allowance	1,319,338	7,178	1,326,516	1,233,023
Excess/(Deficiency) of revenue over expenditure	(288,206)	743,051	454,845	257,729
Fund equity - beginning of year	561,941	2,492,475	3,054,416	2,796,687
Fund equity - end of year	$ 273,735	$3,235,526	$3,509,261	$3,054,416

(See accompanying notes to the financial statements)

Members of the Legislative Assembly Superannuation Fund

Statement of Changes in Cash Resources
Year Ended March 31

Statement 3

	1987	1986
Source of Cash:		
Operations:		
Contributions by Members of the Legislative Assembly	**$ 312,923**	$ 215,590
Contributions by the Minister of Finance	**1,205,467**	695,731
Investment Income	**331,885**	332,342
Other Income	**—**	1,320
	1,850,275	1,244,983
Investing Activities:		
Proceeds from sale of investments	**3,726,680**	2,855,519
	5,576,955	4,100,502
Application of Cash:		
Operations:		
Annual Allowances	**1,331,734**	1,245,688
Investing Activities:		
Purchase of investments	**4,249,522**	2,836,915
	5,581,256	4,082,603
(Decrease)/Increase in cash	**(4,301)**	17,899
Cash balance/(Overdraft), beginning of year	**14,285**	(3,614)
Cash balance, end of year-to Statement 1	**$ 9,984**	$ 14,285

(See accompanying notes to the financial statements)

Members of the Legislative Assembly Superannuation Fund

Schedule of Investment Transactions

Schedule 1

Year Ended March 31, 1987

(Provided in accordance with the provisions of Section 42 of The Members of the Legislative Assembly Superannuation Act)

	Balance March 31/86	Acquisitions	Dispositions	Balance March 31/87
Investments at Cost				
Bonds and Debentures:				
Government of Canada	$ 148,876	$ —	$ —	**$ 148,876**
Government of Saskatchewan	1,218,841	—	500,750	**718,091**
Government of Quebec	4,975	—	—	**4,975**
Ontario Hydro	915,400	501,875	—	**1,417,275**
Saskatchewan Union Hospitals	10,730	—	—	**10,730**
Corporate Debentures	281,000	250,000	181,000	**350,000**
Total	2,579,822	751,875	681,750	**2,649,947**
Equities				
Bank of Nova Scotia	—	265,960	109,378	**156,582**
Total Long Term Investments	2,579,822	1,017,835	791,128	**2,806,529**
Short Term Investments	157,517	3,231,686	2,828,613	**560,590**
Total Investments	$2,737,339	$4,249,521	$3,619,741	**$3,367,119**

Notes to Financial Statements

March 31, 1987

1. **Significant Accounting Policies**

   a) **Investments**

   The Fund records all investment transactions at cost. Any difference between cost and par value is not amortized. Gains and losses are fully recognized in the year of disposal.

   b) **Allocation of Income**

   Investment income is allocated to the Money Purchase Plan based on the annualized actual earnings of all long term investments purchased since 1979 and a proportionate share of all short term investment holdings during the year. The interest rate declared is then multiplied by the members' average equity balance for the year. Gains and losses on all long term investment disposals since 1979 are included in annualized actual earnings prior to the earnings allocation to the members' average equity balance.

2. **Authority**

   The Superannuation Fund operates under the authority of The Members of the Legislative Assembly Superannuation Act 1979 for the purpose of providing a pension to individuals who are elected and provide service to the Province of Saskatchewan as Members of the Legislative Assembly.

3. **Statutory Reporting Requirements**

   In accordance with Section 42 of The Members of the Legislative Assembly Superannuation Act, 1979 the following information is provided:

	1987	1986
Contributors to the Fund		
Unit Benefit Plan	17	21
Money Purchase Plan	47	43

   During the year 111 superannuates received allowances (1985/86 - 100).

4. **Actuarial Valuation Unit Benefit Plan**

   The last actuarial valuation of the fund as at March 31, 1986 determined that there was an unfunded liability of $15,695,805 for service to the valuation date.

   Legislation provides for the Minister of Finance to pay to the Fund an amount equal to contributions of the members, an annual payment of $500,000, and any further amounts that may be appropriated by the Legislature for the purpose of the Act.

5. **Subsequent Event**

   Legislation was assented to on November 6, 1987 which amended the funding of the Members of the Legislation Assembly Unit Benefit Plan. The Members of the Legislative Assembly Superannuation Amendment Act, 1987 provides that the Minister of Finance may make payments into the fund as follows:

   > "any amount that may be required from time to time to make it possible at all times to pay the allowances granted pursuant to this Act."

   The legislation is retroactive to September 1, 1987.

6. **Money Purchase Plan**

   Legislation was assented to in 1979 which continued the "unit benefit" superannuation plan (Part II of the Act) and established a new "money purchase plan" (Part III of the Act) for the members. Members elected after April 1, 1979 contribute to the "money purchase plan". Legislation was assented to in 1980 which permits members defeated in a general election the option to transfer to the "money purchase plan" before the expiration of the thirtieth day after the last return to the writ of election. During the year ended March 31, 1987, no members chose to transfer to the "money purchase plan" (1985/86 - no members transferred).

7. **Related Party Transactions**

   In accordance with Section 3(6) of The Members of the Legislative Assembly Superannuation Act, 1979 the necessary expenses of administering the fund are paid out of the consolidated fund of the Province of Saskatchewan. Accordingly, no provision for these costs is included in these financial statements.